

Service Date: November 21, 1989

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER of the Application of) UTILITY DIVISION
the Regulated Members of the TELEPHONE)
EXCHANGE CARRIERS OF MONTANA (TECOM)) DOCKET NO. 89.11.41
For Authority to Decrease Rates for)
Intrastate Access Services.) INTERIM ORDER NO. 5434
_____)

FINDINGS OF FACT

1. On November 3, 1989, the Regulated Members of the Telephone Exchange Carriers of Montana, (TECOM) consisting of Lincoln Telephone Company, Project Telephone Company, and Southern Montana Telephone Company, (Applicants), filed an application with the Montana Public Service Commission (Commission) for authority to decrease rates for intrastate carrier access services.

2. Applicants, as well as the unregulated members of TECOM, recover their costs of providing access to the local networks for origination and completion of interexchange long distance calls by imposing access charges on the interexchange carriers who utilize those services. Applicants' access service costs have been established using FCC Part 36 and 69 cost studies. Applicants' current access charge rates are based upon 1987 cost studies which used Part 67 and 69 cost study methodologies.

3. Applicant's rate decrease proposals filed in this Docket are based upon updated 1988 Part 36 and 69 cost studies. Applicants submit that current access rates are in excess of the rates needed to allow recovery of access costs as identified in the 1988 studies and propose to reduce rates by 4.33% on an aggregate basis. The proposed rates would be as follows:

Rate Element	Current Rate	Proposed Rate	Increase/ Decrease
Common Line	\$.0431	\$.0354	\$ (.0077)
End Office	.0311	.0352	.0041
Local Transport	<u>.0320</u>	<u>.0310</u>	<u>(.0010)</u>
Total	\$.1062	\$.1016	\$ (.0046)

These rates would result in an annual revenue reduction of \$502,245 as follows:

Rate Element	Demand	Current Revenues	Proposed Revenues	Increase/ Decrease
Common Line	110,410,607	4,758,697	3,907,522	(851,175)
End Office	110,844,271	3,477,257	3,903,726	456,469
L. Transport	110,844,271	<u>3,547,017</u>	<u>3,439,477</u>	<u>(107,539)</u>
Total		\$11,752,971	\$11,250,725	(\$502,245)

4. The proposed rates shown above are calculated in a manner consistent with the Commission's last TECOM Order No. 5404a in Docket No. 89.3.4. Participants in the task force reviewing these compensation arrangements agreed that Part 36 and 69 cost study methodologies were reasonable as a basis for TECOM rates.

5. The Commission finds that, pending full consideration of this application, and any agreements on a longer term compensation arrangement, it is reasonable to implement this rate reduction on an interim basis.

CONCLUSIONS OF LAW

1. The Applicants, Lincoln Telephone Company, Project Telephone Company, and Southern Montana Telephone Company, are corporations providing regulated telecommunications services within the State of Montana and, as such, are public utilities within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission is properly exercising jurisdiction in this Docket pursuant to Applicants request under Sections 69—3—302 and 69-3-904(1) (b), MCA.

3. Section 69-3-304, MCA, provides in part, “the commission may, in its discretion, in its discretion, temporarily approve increases pending a hearing or final decision.

4. The rates approved herein are a reasonable means of providing interim relief to Applicants. The rebate and surcharge provisions of 69-3-304, MCA, protect ratepayers in the event any revenue changes authorized by this Order are found to be unjustified in the final order in this Docket.

ORDER

1. Applicants request for a rate reduction is hereby GRANTED on an interim basis.

2. Interim rates approved herein shall be effective for services rendered on and after November 20, 1989.

DONE AND DATED this 20th day of November, 1989, in open session by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

WALLACE W. "WALLY" MERCER, Commissioner

DANNY OBERG, Commissioner

JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Purcell
Acting Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806 , ARM.